

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT
ASSEMBLY BILL NO. 1705
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 1705 (Second Reprint) with my recommendations for reconsideration.

This bill revises the "Off-Track and Account Wagering Act" to expedite the establishment of off-track wagering facilities in this State. Specifically, the bill would permit entities other than racetrack operators to obtain licenses from the New Jersey Racing Commission to establish and operate off-track wagering facilities provided that they meet certain requirements, standards and criteria. Under the bill's provisions, current racetrack operators will have the opportunity to demonstrate to the satisfaction of the Commission that they have made progress towards establishing their share of the off-track wagering facilities authorized by law. If a licensee fails to establish the foregoing by January 1, 2012, all unused licenses will be forfeited and offered first to horsemen's organizations, and subsequently to any well-suited entity that meets the bill's requirements.

While I commend the sponsors for their interest in enhancing the horse racing industry and wholeheartedly support the expeditious development of off-track wagering facilities in this State, I am concerned that some of the bill's provisions may impede the Administration's progress in developing a self-sustaining horse racing industry. Specifically, on December 17, 2010, in an effort to preserve live Standardbred racing at the Meadowlands I directed the Sports and Exposition Authority to negotiate with the Standardbred Breeders and Owners Association (SBOA) for the lease of the Meadowlands Racetrack. Moreover, because the full development of the State's off-track wagering

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network is essential to the future economic viability of the horse racing industry, I further directed the Authority to assign up to four off-track wagering locations as a component of any such lease agreement.

Moreover, in furtherance of our efforts to develop a self-sustaining horse racing industry, my Administration is also pursuing the sale or lease of Monmouth Park Racetrack. In connection with these proposed transactions, the assignment of additional off-track wagering locations by the Authority may be necessary. Thus, it is essential that the Administration and the Authority retain the flexibility to assign off-track wagering licenses in connection with the sale or lease of Monmouth Park.

Based upon the foregoing, I am concerned that the bill's provision requiring the forfeiture of off-track wagering licenses absent a showing of "progress" toward the development of such facilities may adversely impact the Authority's ability to assign off track wagering locations pursuant to an agreement with the SBOA or its designee in connection with the Meadowlands Racetrack or with a potential purchaser or operator of Monmouth Park. Accordingly, I am recommending that the legislation be revised to clarify that negotiations concerning the transfer or assignment of off-track wagering licenses in the context of a potential sale or lease of a racetrack shall be deemed "progress" toward the establishment of such facilities. Moreover, I am recommending that the bill be revised to require the Racing Commission to adhere to the standard set forth above in its development of progress benchmarks for licensees and to permit the Commission to adopt administrative regulations on an expedited basis.

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In addition, I am concerned that the bill's provision requiring licensees to pay annually to their host municipality an amount equal to 1% of profits will be a barrier to the development of off-track wagering facilities. While I fully support the sponsors' efforts to provide economic incentives for municipalities where off-track wagering facilities are being considered, existing law already requires facility operators to pay property taxes and, as such, this new fee would be an additional form of taxation that may discourage the development of new locations. While I am recommending through this conditional veto that the 1% fee be eliminated, I pledge to work with the sponsors to find alternatives to defray any additional cost burdens that host municipalities may incur.

Accordingly, I herewith return Assembly Bill No. 1705 (Second Reprint) and recommend that it be amended as follows:

Page 3, Section 1, Lines 7-8:

Delete ", and additional compensation as provided in this act,"

Page 3, Section 1, Lines 13-15:

Delete "and be further required to pay a portion of its wagering revenues to its host municipality "[pursuant to the terms of this act] as provided by law"

Page 7, Section 3, Line 43:

After "basis.", insert "For the purposes of this section, a permit holder shall be deemed to have made progress toward establishing its share of off-track wagering facilities if it has entered into an agreement, in connection with good faith negotiations over the sale or lease of a racetrack under the permit holder's control, to transfer allocated off-track wagering licenses or facilities to an individual or entity that is a bona fide prospective purchaser or lessee, or has demonstrated to the satisfaction of the

Commission that the execution of such an agreement is imminent based upon the portions of such an agreement agreed upon in principle by the parties as evidenced by a memorandum of understanding or similar accord."

Page 10, Section 3, Line 1:

After "facility.", insert "Such benchmarks shall provide that a permit holder shall be deemed to have made progress toward establishing its share of off-track wagering facilities if it has entered into an agreement, in connection with good faith negotiations over the sale or lease of a racetrack under the permit holder's control, to transfer allocated off-track wagering licenses or facilities to an individual or entity that is a bona fide prospective purchaser or lessee, or has demonstrated to the satisfaction of the Commission that the execution of such an agreement is imminent based upon the portions of such an agreement agreed upon in principle by the parties as evidenced by a memorandum of understanding or similar accord."

Page 15, Section 7, Line 35:

Delete "a. An off-track wagering licensee, or its"

Page 15, Section 7, Lines 36-47:

Delete Lines 36-47 in their entirety

Page 16, Section 7, Lines 1-15:

Delete Lines 1-15 in their entirety

Page 16, Section 7, Line 16:

Delete "d."

Page 16, Line 45:

Insert new section 8: "8. (New Section) Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the Commission may adopt immediately upon filing with the Office of

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Administrative Law such regulations as the Commission deems necessary to implement the provisions of this act, which shall be effective for a period not to exceed 180 days and may thereafter be amended, adopted or readopted by the Commission in accordance with the requirements of P.L.1968, c.410."

Page 16, Line 46:

Renumber Section 8 as
Section 9

Respectfully,

/s/ Chris Christie
Governor

[seal]

Attest:

/s/ Jeffrey S. Chiesa
Chief Counsel to the Governor